



Municipalities owe Water Boards R9-billion for bulk water

- Municipalities owe Water Boards approximately R9 billion for bulk water (2018/19), an increase from R309 million over the previous year. The debt was R603 million in 2008/09.¹
- Municipal arrears to Water Boards now amount to 46% of Water Boards' annual revenue² and 15% of the annual Local Government Equitable Share.
- Currently 22% of municipalities (63 of 258) owe more than R1-million in arrears. At the current rate of change municipal arrears will exceed the Water Boards' total annual income by 2022.³
- In 2017 the Ministry of Water and Sanitation took remedial action in 32 municipalities allowing Water Boards to limit bulk supply.
- Persistent non-payment to Water Boards arguably constitutes a financial crisis under s139 of the Constitution, which is ground for mandatory intervention by provincial or national government and requires a financial recovery plan to be imposed on the defaulting municipality.
- There have been provincial (s139) interventions in 18 of the 32 municipalities to date. However, since the remedial action most (84%) of the 32 municipalities have not been subject to any provincial intervention, and none have been subject to the mandatory intervention required by s139.^{4,5,6}

¹ Treasury, "MFMA (S71)."

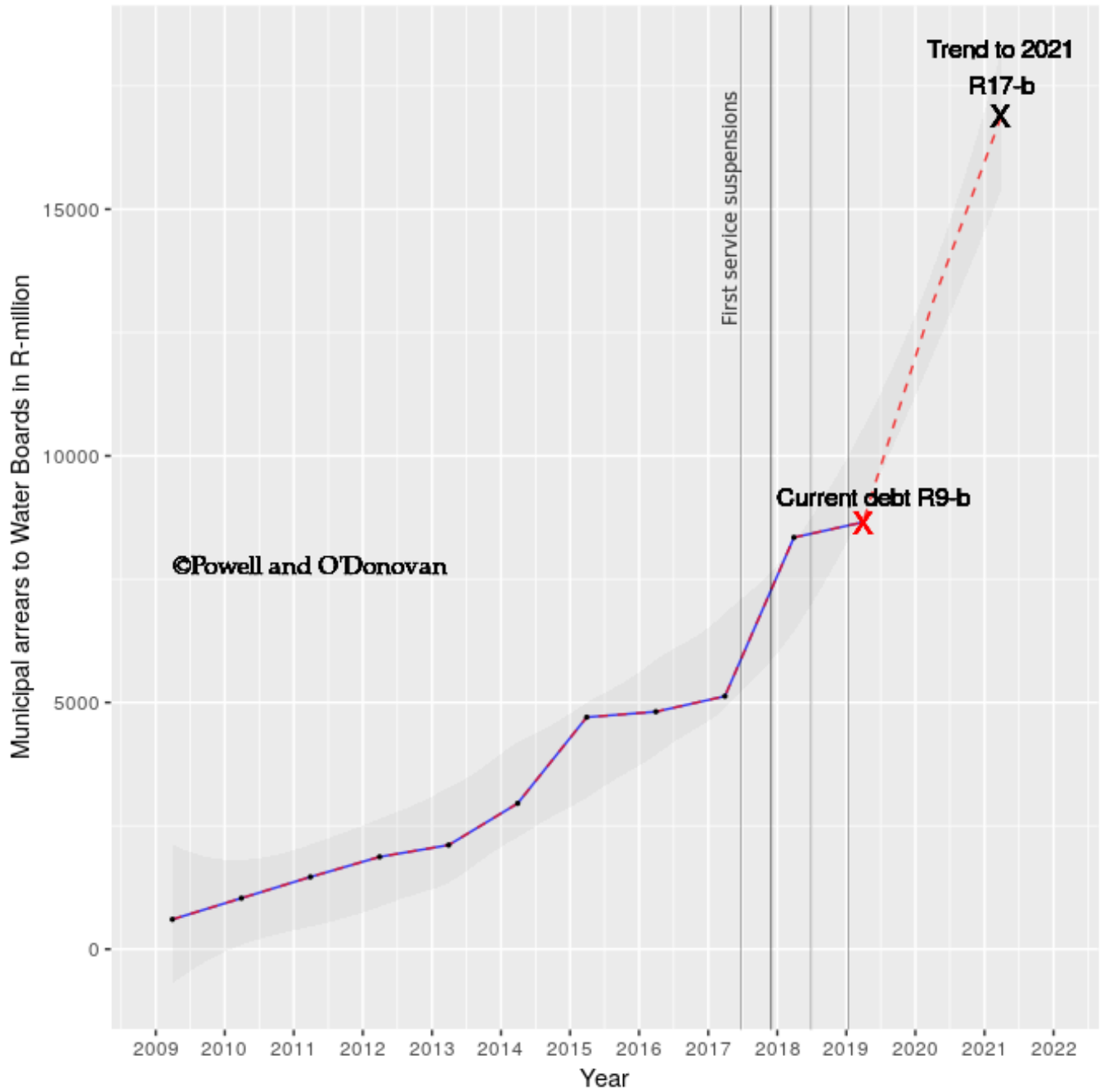
² Treasury.

³ Treasury, "MFMA (S71) 2018/19."

⁴ CoGTA, "List of Current S139s October 2018 (Updated)."

⁵ DWS, "Defaulting Municipalites to Face Water Restrictions."

⁶ DWS, "Updates Regarding Debts to Water Boards and the DWS."



Suggested citation: DM Powell and M O'Donovan (2019) 'Municipalities owe Water Boards R9 billion for bulk water' *Public Finance Watch* (March 2019).

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